This document outlines lessons learned from a joint UNHCR-WFP mission in South Sudan aimed at identifying and mitigating the risks of abuse of power in cash assistance. The cash transfer mechanisms discussed were cash over-the-counter through money transfer companies and banks, as well as e-vouchers through traders. The possibility to use mobile money in the future was also considered.

Conducted in December 2019, a UNHCR-WFP mission kickstarted the project in South Sudan, engaging a wide range of stakeholders, including financial service providers (FSPs), the Central Bank of South Sudan, the National Communication Authority, and humanitarian organisations. The UNHCR-WFP team held consultations in Juba and Wau with cash recipients.

The key findings and recommendations were discussed at a multi-stakeholder meeting at the end of the mission. They include:

- Consider a shift to more autonomous cash delivery mechanisms, which would offer cash recipients a better range of options and additional opportunities than current structured direct cash distributions or e-vouchers. This could include pilots with mobile money. Pre-empt risks of abuse of power introduced by alternative cash modalities.

- Improve FSP customer service through performance evaluation, capacity building, the provision of incentives, and support to the national legislation.

- Design cash assistance from an end-user perspective, factoring in the low levels of numerical, digital, and financial literacy of the targeted population.

- Optimise processes in e-voucher assistance to mitigate the risk of traders increasing prices of goods to compensate for delay in payments or higher-than-expected transaction costs.

- Put in place alternative delivery options in the event of recurring technological issues.

- Implement a two-way communication approach accessible by women and men with different types of vulnerabilities and ensure communities are aware of, understand and trust complaints and feedback mechanisms (CFM).
KEY FINDINGS AND RECOMMENDATIONS

1. Consider a shift to more autonomous cash delivery mechanisms, which would offer cash recipients a better range of options and additional opportunities than current structured direct cash distributions or e-vouchers. This could include pilots with mobile money. Pre-empt risks of abuse of power introduced by alternative cash modalities.

Most cash assistance is handed out through structured and controlled over-the-counter distributions in the presence of numerous stakeholders, limiting risks of abuses of power. Identified issues include limited liquidity, poor quality of bank notes, hidden lower value notes in bundles of cash, provision of unrealistic exchange rates and manipulation of the calculation of entitlements in cash for work programmes.

Humanitarian agencies should continue to work with their partners to mitigate these issues, including training FSP agents on codes of conduct, increasing the role of female staff in direct interaction with cash recipients, and holding post-distribution debriefings for continuous improvement. Segregation of duties in the cash-out process is good practice. Local implementing partner staff are often well trusted, and their role should be reinforced to raise cash recipient understanding of entitlements, the different steps of the cash assistance process, the different mechanisms to voice concern, and how to verify the amount of cash received.

While the South Sudan telecommunication sector is still underdeveloped and mobile money is at its infancy, there is potential to use this modality for cash assistance in South Sudan, especially once mobile money operators will get their licenses granted by the national regulator to operate at scale. Using mobile money for cash assistance would empower cash recipients empowered to decide where, when, how much, and – possibly – from which agent to cash-out their entitlements. It could also be a first step towards financial inclusion, with cash recipients able to access other financial services and products in addition to payments. While limited infrastructure and security currently constrain large-scale approaches, mobile money pilots in urban contexts may be possible. Moving towards mobile money represents a real opportunity but requires mitigation measures to avoid mobile money agents abusing their power by, for example, charging additional fees, breaching data privacy and protection, taking advantage of low literacy (including digital, numerical, financial) and being disrespectful. However, savings on mobile money accounts may remain limited if high inflation rates continue to prevail in the country.

2. Improve FSP customer service through performance evaluation, capacity building, the provision of incentives, and support to the national legislation.

Humanitarian agencies should conduct performance appraisals of FSPs as part of a collaborative lesson learned exercise to improve service provision. Stimulated by incentives over sanctions, the private sector traditionally responds better to positive drivers of change. This is especially important in non-mature contexts, where private sector partners may or may not have in place procedures and processes required by humanitarian actors to deliver humanitarian assistance. Incentives are not always costly and can be as simple as attribution of a certificate for the friendliest agent identified through on-site distribution monitoring. Humanitarian agencies can also support FSP capacity-building efforts on customer service for the most vulnerable clients at corporate level.

The cash working group should engage with the Central Bank and support the update of the 2009 draft bill related to FSP customer protection, which is pending ratification. The joint UNHCR-WFP project will share examples of legislation related to customer protection for financial services from other countries. It is important to receive clarification on the SIM validity period and the officially accepted documents – including for refugees – to access SIM cards and mobile money and to open bank accounts.
Advocacy for the independence of the national authority of communication is also key: one of its roles is to set the standards for the quality of service of agents contracted by telecommunication operators who would then operate as mobile money agents. Supporting national institutions to keep pace with the private sector’s swift evolution is fundamental.

3. Design cash assistance programmes from an end-user perspective, factoring in the low levels of numerical, digital, and financial literacy of the targeted population.

The high level of illiteracy, lack of both digital and financial literacy, as well as low acquaintance with the use of money in remote areas of South-Sudan influences the way the most vulnerable can advocate for their rights vis-à-vis FSPs and agencies.

To tackle these specific challenges, a Juba multi-stakeholder workshop identified these recommendations:

- Humanitarian agencies as well as FSPs should use pictorial messaging to explain the types of notes vulnerable persons will receive, focusing for instance on the note colour rather than value.
- They also should, in partnership with global expert organisations such as UNCDF, organize training for cash recipients on digital / financial / numerical literacy.
- Humanitarian agencies should find alternate persons of trust to help numerically illiterate persons re-count their entitlement before they sign their receipt.
- When moving to mobile money, promote platforms enabling, for instance, interactive voice recognition and special features for people living with disabilities.

Humanitarian agencies designing cash assistance programmes could use a “user-journey” methodology to better understand the experience of people already benefiting from some of the cash transfer modalities. This approach provides useful insights on how to improve user experiences, considering the diversity of cash recipients and their preference at each step of the cash assistance process.

The above point is also particularly valid for e-voucher assistance: it is essential to review from a beneficiary perspective the advantages and disadvantages of e-vouchers and their added value. For instance, some people with specific vulnerabilities highlighted the difficulties they faced in relation to e-vouchers, including accessing the market where traders had been registered to accept e-vouchers and the price in relation to transport their goods home. A such, some of these people stated a preference for food or cash to be used at more easily accessible markets.

Enrolment to some e-voucher programmes is conditional on participation in a public work project and training. It is important to ensure that the most vulnerable can still receive assistance even if they are not able to attend the training or perform physical work. Approaches such as having eight “fit-to-work” community members agreeing to sponsor with their work two persons who are unable to participate in the scheme should be envisaged.

Should the security situation permit, the implementation of different cash assistance modalities instead of e-vouchers will enable beneficiaries to shop closer to their homes and negotiate prices as they wish. This could be through cash in envelope or mobile money, if appropriate in the location. Agencies should continue their advocacy with donors to ensure flexibility in the way cash and e-voucher assistance is designed to pursue a people-centered approach. For example, the e-vouchers could be designed to meet different essential needs and in that case the value of the voucher would need to be calculated accordingly. This could provide flexibility to buy soap as wished by many cash recipients interviewed, especially in areas where Ebola awareness campaigns are on-going.

1  https://bit.ly/2HiYDZf
2  https://reliefweb.int/report/world/improving-user-journeys-humanitarian-cash-transfers
4. Optimise processes in e-voucher assistance to mitigate the risk of traders increasing prices of goods to compensate for delay in payments or higher-than-expected transaction costs.

- Humanitarian agencies should ensure recipients can redeem different items from their vouchers in different shops. There seems to be a tacit agreement amongst traders to request that beneficiaries redeem the entire vouchers in a single shop, which represents a form of abuse of power. People should be able to use their card and select different goods in different shops to foster competition and choose the quality or price at their preference, as they would with cash. Communities should be trained on the rights of e-voucher recipients, and humanitarian agencies should coach some beneficiaries on how to redeem e-vouchers in several shops and clarify what happens with unspent balances, who could then pass the same message and accompany other beneficiaries to redeem their vouchers.

- Humanitarian agencies should ensure timely payment of the traders enrolled in e-vouchers assistance. Inflation increases traders’ sensitivity to the time between the moment when they commit funds to import goods and when they are paid for the e-vouchers redeemed at their shops. Delays in payment incentivises retailers to transfer any anticipated losses to beneficiaries by hiking market prices for items on the e-voucher commodity list. Agencies should also ensure that the contract with retailers includes additional transaction costs that retailers must cover, including necessary paperwork and storing arrangements. Otherwise, it ends up being ‘compensated’ for by a poor-quality service to the beneficiaries, additional fees, and reduced quantities of goods distributed in exchange for the e-voucher.

- Humanitarian agencies should also analyse how the benefits from the e-voucher programme is spread between the various stakeholders. Community members claim that traders who benefit the most from the scheme are not from their community. While traders don’t disclose their profits, they indeed report serving additional clients to their normal business, provided they offer good customer services and quality products. E-voucher assistance also brings them some predictability on the demand for specific goods. E-voucher recipients on the other hand lament they cannot bargain on prices as they would with cash. They also mention the lower product quality, almost expired food items and/or an overall higher price-tag when purchasing with e-voucher rather than cash.
5. Putting in place alternative delivery options in the event of recurring technological issues.

Humanitarian agencies should come with solutions to technological problems associated with cash recipients accessing their assistance. Several agencies and FSPs are using biometrics for registration and disbursements of cash or e-vouchers, but recurring issues are reported related to technology, including difficulties linked to thumbprint detection or loading of cards. Cooperating partners and FSPs on distribution sites face tensions when the technology fails.

Humanitarian agencies should communicate clearly the process and lead time needed to resolve technical issues and avoid beneficiaries travelling to distributions without being served. The presence of someone on site who can solve technological issues is recommended, as done in other countries. Otherwise, several substitute options should be available, including some which would not include technology in case all other options fail.

6. Implement a two-way communication approach accessible by women and men with different types of vulnerabilities and ensure communities are aware of, understand and trust complaints and feedback mechanisms (CFM).

Humanitarian agencies, FSPs and traders should ensure coherent messages are shared with beneficiaries in the right language and medium to ensure age, gender and (dis)ability inclusion. The words used should be simple, using graphic communication. Messages should be tested with communities in advance to ensure their wide understanding to avoid confusion around targeting, registration processes, entitlements, and cash assistance, which can expose beneficiaries to risk. Another suggestion was to support women receiving cash assistance with a visual cheat sheets to guide discussions with their husbands on the best way to spend the cash received and prevent possible increase of intrahousehold tensions.

Awareness around CFMs should also be reinforced since under-reporting of issues can prolong risks of abuse of power. While there are already systems in place, such as physical desks in the market or in cash distribution sites and local leader committees, others seem less well known. Only a few people could explain what the phone number on the reverse side of their entitlement card was for. Agencies should therefore improve information on the availability of their call centre and explain that it is free to call and that conversations are confidential, also mentioning opening hours and languages spoken and the availability of female agents if requested.

Agencies should also strengthen information management systems of complaints and feedback mechanisms to promote shared knowledge of barriers and enablers to cash assistance, and report back to communities when their good-faith feedback contributed to programmatic adjustments. Referral pathways should be established between the various feedback mechanisms of humanitarian agencies, cooperating partners, FSP customer services, and specialised support services related to gender-based violence or protection from sexual exploitation and abuse.
WHAT NEXT:

1. WFP and UNHCR will deploy an expert to South Sudan to support implementation of some of these recommendations in collaboration with stakeholders of the cash working group. Other participating stakeholders of the mission are encouraged to integrate these recommendations in their own action plans.

2. These lessons will contribute to the development of global guidance and a toolkit for FSPs, humanitarian stakeholders and regulators on mitigating the risks of abuse of power in cash assistance. The toolkit will be disseminated at global level to ensure risks of abuse of power are systematically mitigated in ongoing and future cash assistance.

More information
For more information, please visit the project website: https://bit.ly/2w2ZtHd
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